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ABSTRACT

The theme article of this issue concerns money management, with the focus on budgeting, interest, credit, savings, and investment. The 4 units which follow this conceptual background for teachers are divided according to grade level. The first unit, designed for pre-kindergarten involves students in listening to Mother Goose rhymes that have monetary themes, such as "Simple Simon," and "Tom, Tom, the Piper's Son." In addition, students do coin tracing, go on an imaginary shopping trip, and earn smiling face stickers for doing classroom chores and good deeds. "Cent-sible Savers," the unit for first and second graders, offers students a board game, role playing, and decision-making activities to help them learn how to manage small amounts of money. Third and fourth graders build a classroom economy based on the value of typical classroom clean-up jobs and "salaries" paid to randomly-chosen job holders. Students learn about credit, interest, and savings as the simulation unfolds. The final unit in this issue provides three learning activities designed to help fifth and sixth grade students develop good spending habits. (JDH)

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MONEY MANAGEMENT

BY

DR. GERALD J. SWANSON

THE ELEMENTARY ECONOMIST
VOLUME 4, NO. 3

THE NATIONAL CENTER OF ECONOMIC
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THEME OF THIS ISSUE

MONEY MANAGEMENT

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Writing Opportunities:

The Elementary Economist presents exciting classroom tested activities designed to bring economic themes and skills into the elementary curriculum. As we prepare *The Elementary Economist* for the 1983–84 school year, we encourage you to submit articles for our consideration. Four authors are required for each issue, one for each grade level (Pre-K, 1–2, 3–4, 5–6). Each issue focuses on a specific theme or concept. The themes to be presented in the three issues for '83–'84 are:

(1) People in the Community
(2) Business in the Community
(3) Government in the Community

For further instructions and clarification of the topics, write for details (include name, home address, school name, address and grade level) to:

Article Editor
NCEEC — Lesley College
29 Everett Street
Cambridge, MA 02238

DO NOT SEND ARTICLES! If you are interested in sharing your creative ideas for incorporating economic awareness and decision-making skills in children's lives, write to us for further information. It may be your opportunity to benefit professionally and receive compensation. Thank you.

Center News

The Peabody School in Cambridge, Massachusetts, is one of many schools nationwide pilot-testing The National Center's 3rd–4th grade curriculum unit. Children in the Marketplace. Rita Madden, a Lesley College student-teacher, instructs third graders in the use of tools and resources to make bookmarks.

Pilot Program Introduced Nationwide

An economic education unit for grades three and four has been developed by the NCEEC staff and is presently being reviewed or pilot tested in over 100 elementary schools in 20 states nationwide. States testing the lesson plans in their classes include: California, Connecticut, Massachusetts, Ohio, Pennsylvania, Rhode Island, Tennessee, Texas, Virginia and Washington.

The curriculum unit, entitled "Children in the Marketplace," focuses on eight basic economic themes and their everyday implications. The units stress the explanatory and problem-solving capability of economics as derived from concrete experiences.

Lessons are designed to guide third and fourth grade students toward a number of realizations: People in society are simultaneously involved in many roles such as students, citizens, workers, managers and consumers. Community problems have solutions which are the responsibility of individuals, working alone or in a group. The realization that nothing is free implies a need to make careful choices and recognize that there are no cost-free decisions. When a choice is made, an individual has to identify what is given up as well as what is gained.

Units will be developed for two additional grades each year, until economic understandings and decision-making skills are taught from pre-kindergarten through sixth grade on a national basis. Curriculum units are designed to be either self-contained or integrated into the social studies, language arts or math curricula.

The teaching manual is being greeted with overwhelming approval by urban, rural and suburban school systems. The Greenwich, Connecticut superintendent of schools, Dr. Larry Dougherty, said he is "intrigued by the program and believes it has great potential." The Director of Consumer Economic Education for the Philadelphia Public Schools, Dr. Ruth Rodman said, "this curriculum is extremely well written. I am particularly impressed with the thorough approach to each concept — the motivation, application and reinforcement of learning."

Feedback on the content and methodology employed in "Children in the Marketplace" is presently being incorporated in the 3–4 grade community-based unit of instruction.

The National Center's community-based curriculum project is believed to be unique in the nation. Not only will it provide a coordinated curriculum for pre-K through 6, it is the only program of its kind which involves the entire community including parents, teachers, administrators, economists, media, business resources and cultural institutions.

Center Regional Directors Appointed

The National Center has divided the United States into eight regions in order to provide school districts with an economic education expert close enough to assist in program implementation. (See regional map on back page.) Regional directors can now respond to requests from local educators for materials, guidelines and workshops needed to incorporate economics into the elementary curriculum.

Instrumental in implementing the Center's curriculum materials within area elementary schools, regional directors will involve state department and school district personnel, elementary school teachers, parents, community business and civic leaders. This broad participation is key to the Center's goal of a community-based solution to economic illiteracy.

As planned for the 1982–83 academic year, four regional directors of exceptional talent and experience have been appointed to date. Dr. Loismay C. Abeles, the newly appointed assistant director of The National Center, is the director of the northeast seven-state region. Besides regional responsibilities, Dr. Abeles assumes a primary role in the Center's curriculum development project and its national implementation, including teacher inservice and preservice workshops. With Dr. Abeles' background in child development, learning theory and elementary classroom teaching, her contribution to the Center staff is invaluable.

Director of the southwest region is Dr. Gerald J. Swanson, who is executive director of the Arizona Council on Economic Education and associate professor of economics at the University of Arizona. A nationally known lecturer and consultant, Dr. Swanson has published seven economic education teachers' guides and a six-segment videotape teachers' training series.

Dr. George M. Vredeveld, the mideast region director, is the executive director of the Greater Cincinnati Center for Economic Education and associate professor of economics at the University of Cincinnati. Dr. Vredeveld is well known as a speaker, visiting professor for economic education workshops and a regular contributor to professional journals.

The director of the northwest region is Dr. Donald R. Wentworth, professor of economics at Pacific Lutheran University and director of the Center for Economic Education. Dr. Wentworth is an expert in the field of economic games and simulations and has researched the use of various media in the teaching of economics. He also conducts a number of summer economic education workshops.

It is expected that two additional regional directors will be named in 1983–84 with the final two assuming their responsibilities the following year.

Money Management

by Dr. Gerald J. Swanson

Dr. Swanson is an Associate Professor of Economics at the University of Arizona and Executive Director of the Arizona Council on Economic Education. He has won several awards for his outstanding teaching ability.

Economics is the study of the theory of choice — choice brought about by the universal problem of scarcity. In consumer decision making, adults and children alike must make choices regarding how to allocate their limited income. The basic choice is whether to spend or save. In the area of spending, consumers must first decide which goods and services to purchase, then when to make those purchases. If they want or need to spend more, they must decide whether to use savings, current income or credit (loans). In the area of saving, they must decide on the saving goal, then the quantity and duration of the savings.

We assume that the basic goal of the individual is to manage money so as to achieve maximum satisfaction from limited income. Getting the most satisfaction from a consumer decision requires weighing the costs (disadvantages) and benefits (advantages) of each decision. Budgeting provides the individual with an orderly method of examining his or her economic choices regarding current and future spending and savings decisions.

BUDGETING

Children learn early in life that they cannot do or have everything they desire. They realize that one of the basic factors preventing them from having everything they want is their income (allowance) or their family's income. Often they do not understand that everyone's income, whether it be high or low, serves as a restraint. The poor and wealthy alike must make choices regarding how to allocate their income. Before income is spent, the alternative choices or purchases should be evaluated carefully because once a decision is made the next best option has been given up (called opportunity cost). Just as children learn to make choices on how to use their time, they must also learn the importance of managing their money in order to be satisfied with their decisions.

The basic method used for planning income allocation is called budgeting. Planning a budget involves setting priorities, and asking some basic questions about desires to spend and to save. Children can easily begin to explore the budget-making process by asking: What do I really want? What do I really need? When would I like to have them? How much money will I need to buy them? Do I have the money I need? How long will it take me to save the money? Should I borrow the money so that I might make the purchases now as opposed to later? The answers to these economic questions can be used to demonstrate the issues of scarcity and opportunity cost, and create decision-making situations in which the child establishes spending priorities.

INTEREST

In making the choice of whether to save for a future purchase or to use credit to buy the item now, the decision requires weighing that which is gained or lost by either action. One of the main considerations in deciding to borrow money is the interest rate. It is often said everything has a price and money is no exception. The price of money — the interest rate — is determined in the marketplace by those wishing to borrow and those wishing to lend.

One of the primary reasons individuals borrow money is to finance purchases now rather than wait. Individuals are willing to lend money if the reward they receive for not using the money themselves is sufficient. Both sets of individuals are making economic choices which they believe make them better off.

Whether they buy now or in the future is a consumer choice. The decision is made based on benefit-cost calculations. For example, a child may have the choice of buying a bike now on credit or waiting to purchase the bike with savings. The child's willingness to pay interest on the bike loan will depend on the value placed on having the bike now as opposed to later. If the child is willing to pay $10 in interest, we can say that the present value of the bike to the child is $10 greater than waiting to obtain the bike in the future.

CREDIT

Our economy has been called a credit economy because the use of credit is so widespread. Most families use credit at one time or another to make major purchases such as a home, a car or furniture. Children are most familiar with the use of credit to buy smaller items such as clothing, gifts and gasoline because of the large number of credit cards, as Visa or MasterCard, possessed by their families. They are, however, likely to be unaware of the process by which credit is obtained.

It is important that children realize that the use of credit is a privilege and not a right. Credit is built on trust between two individuals and is a promise to pay in the future — a promise that embodies both a legal and moral commitment on the part of the borrower. Children can understand that they would be more likely to lend their valued belongings to someone who is trustworthy.

Credit is useful because it makes possible the use of goods and services while paying for them. It provides a means of financing emergencies and other unexpected financial obligations. However, children should be aware that credit must be used carefully because it ties up future income, costs money to use,

(continued on back page)

Earning Smiles

by Mary Jane Roullard

Mary Jane is a junior at Lesley College in Cambridge, Massachusetts where she is presently student teaching a kindergarten class in Arlington. As part of her specialization in economic education, she is researching the development of games and simulations for children.

Money Management

Managing money is certainly not a concern of three to five year old children. Pre-schoolers are generally not aware of adults' efforts to set priorities and budget income. They are, however, conscious of the fact that their parents must pay for what they need or want. Their concerns center around their own personal lives and possessions, such as a special reward, adult attention or a favorite toy. Focusing on the values and interests of children, one realizes that their daily activities contain many elements which relate to earning, collecting, saving, making choices and assigning value to things.

Even very young children decide what is valuable to them and often decide whether they should save, lend or trade their possessions, as do adults. Children's efforts and good behavior should earn them smiles, reinforcement or other positive experiences, just as their parents' hard work should reward them with satisfaction and income. Concrete learning experiences that demonstrate these and other concepts can help young children understand how adults operate in their immediate surroundings. Such experiences are a beginning step in the development of skills needed to weigh options, set priorities and make choices.

Student Goals

1. Understand that their possessions have value and consider lending or trading options.
2. Recognize that money is necessary in order to purchase things and that its scarcity can create problems.
3. Explore techniques in earning and saving tokens for deeds done.
4. Experience shopping for items and figuring amounts to be paid.
5. Identify different coins and their values.

Teaching Activities

I. My Favorite Things

concept building • discussion

Inform the class that the next day they can each bring to school one favorite toy, book, "blankie," or other possession (not living, unless prepared for it!). Have the children sit in a circle holding their favorite belonging.

Ask the following questions individually, whenever possible:

1. What do you like most about your favorite thing? (name it). Why is it special to you?
2. Does your brother/sister/parent like your favorite thing (name it) as much as you do?
3. Can you name something that is very special to another person in your family?
4. Would you trade your favorite thing (name it) for your sister's favorite dress/doll/book (for example)? Why?
5. Would you (name the child) *trade your* special belonging with another child (give name) for his/hers? Why?
6. Would you (name) *lend your* teddy bear to another child in your class (name) for a week? Two weeks? Why?

Summarize discussion by bringing children to realize that their favorite things are important or special to them, just as their parents' belongings are valuable and special to *them* (mother's new lamp, for example). Help children understand that they would not give away their favorite toy without a good reason, or lend it to someone unless that person could be trusted to take good care of it, and return it when promised. This is also the way grown-ups are about things they own that are special and valuable to them. Would their parents lend anyone their car, money or best tennis racket without being sure it would be returned?

II. Good Ol' Mother Goose

language arts • discussion

Underlying many nursery rhymes is the concept of money. Ideas such as scarcity, earnings and the consequences of having no money can be seen in such rhymes as "**Simple Simon**," "**See-Saw Margery Daw**," and "**Tom, Tom, the Piper's Son**," respectively. After reciting the nursery rhymes with the children, explain to them that the rhymes they just recited have to do with people earning money or not having enough money. Ask them the following questions:

1. In the rhyme "**Simple Simon**," what is a pieman? (man who bakes pies) When Simon says, "let me taste your ware," what does ware mean? (what the pieman has to sell)
2. Did Simple Simon get to taste the pie? (no) Why? (He didn't have a penny.)

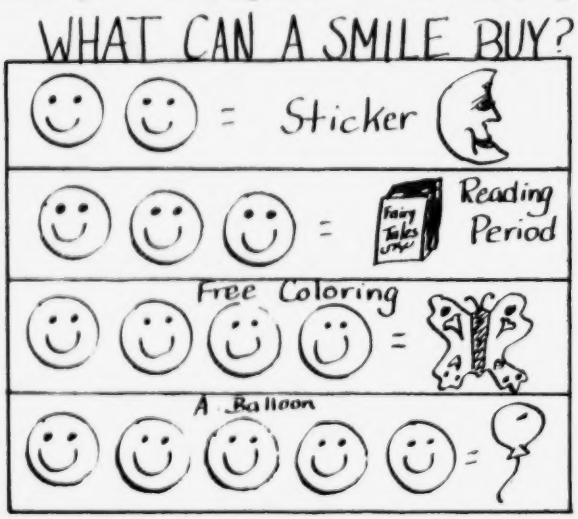
PARENT CORNER: *Putting pennies in a bank has more meaning to a child when s/he has a saving goal. Ask your child why s/he is saving and keep a picture of the item next to his/her bank as an incentive.*

3. What did Simon need to get a piece of pie? (some money or pennies)
4. In "**See-Saw Margery Daw**," we learn that Johnny has a new master. What is a master? (person Johnny works for)
5. How much does Johnny earn for his work? (penny a day)
6. Why can't Johnny earn more? (He can't work any faster)
7. In the rhyme "**Tom, Tom the Piper's Son**," what did Tom do? (stole a pig)
8. Why do you think he *stole* the pig? (He was hungry; he didn't have any money.)
9. If Tom *had* money what do you think he would do with it? (Buy a pig; buy some food)

III. Smile Time!

mathematics • cooperation • decision-making

This activity deals with the earning, saving, borrowing and spending of "smile faces." Make numerous smile faces out of poster board or any other colorful, durable material. Explain to the children that they will have the chance to earn and save smile faces. They can earn smile faces by helping in the classroom, saying a kind word, sharing, being quiet during quiet time and trying extra hard. Each time they do a good deed they earn one smile face token. When five smile faces have been earned, the child may make a purchase. Purchases may include: extra free reading time, a balloon, a sticker or a piece of colored paper to bring home for art work. Explain to the children that if they can save their smile faces for one extra day, they will receive double the amount of smile faces they have earned; and in that way, double what they can buy today. It is best to have a "smile face bank" accessible and to provide a storing area for each child's earnings.



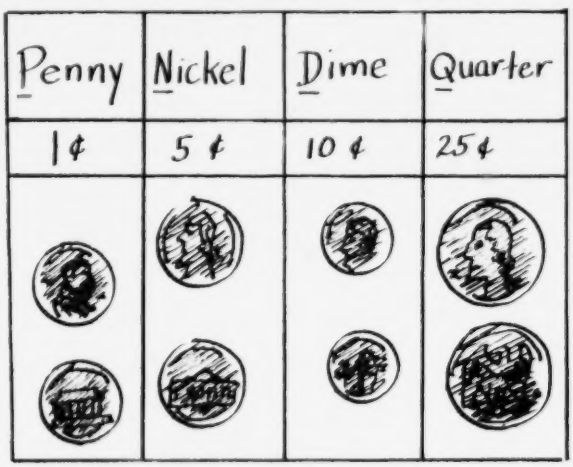
IV. Let's Go Shopping

decision-making • planning • counting

Cut out pictures of single servings of breakfast items, such as a bowl of cereal, stack of pancakes, fried egg, piece of toast and a glass of juice. Paste them on posterboard. Price each item using red circle stickers. Give different values to each ranging from 1 circle to 3 circles. Referring to the posterboard, discuss the different foods people might eat for breakfast, and what breakfast foods their parents buy.

Explain that they are now going to be responsible for buying their own breakfast. Provide each child with an appropriate number of red chips to make their purchases. Emphasize that they do not have to spend *all* their chips, but just what is needed to buy a good breakfast. Point out that they must be careful to pay for the food with the same number of red chips as there are red circles on the item. (This is its price.) Set up a register (made out of a cardboard box) for students to pay for their purchases.

Discuss their shopping trips with parents: buying food, going to different types of stores, etc. Ask the class if they can have anything they want when they go shopping. (No, grown-ups/parents must plan how much they can spend on food, clothes, home, movies, toys, etc., then decide what they can buy.)



V. Coin Tracing

differentiation • letter recognition • dexterity

A small group activity for eight children. Bring to class two quarters, two dimes, two nickels and two pennies. Look at each coin individually with the group. (Note size, pictures, color metal, etc.) Ask for the name of each coin, such as penny. Then ask the group for the first letter of each word. Provide each child with a piece of paper which has the headings Penny, Nickel, Dime and Quarter across the top. Instruct them to place the coin underneath the paper being sure the coin rests in the correct column. Then, holding the paper down over the coin, rub lightly with pencil across the paper. Trace and shade over each side of the coin until a picture or impression of it shows through. When the child has completed one column, s/he passes the coin onto the next child until each has traced the four different coins on his/her paper.

Discuss which coin has the least value, continuing to the coin with the greatest value. (Ask if 5¢ is more than 1¢, etc.) This activity helps children recognize each coin, its name and monetary value.

Cent-sible Savers

by Sylvia Corliss

Sylvia Corliss is a second grade teacher in Middleton, Rhode Island, where she was named 1979 Teacher of the Year. She has also won first and second place in the Old Stone Bank Economic Education Incentive Award Program.

Money Management

Even very young children face some of the same problems of money management as adults — wanting more things than they can buy. They learn early that money is the tool, or resource, for getting those things they want. They are also aware of the role money plays in their level of living as compared with others around them.

Children six to eight years old tend to spend what they have today and not worry about what they might want tomorrow. They can be guided to make wiser choices through comparison shopping, by earning some money of their own, and saving some for larger purchases they might make later.

Practice in managing small amounts of money can help children learn to make choices, solve problems and make a spending/saving plan. In so doing, they gain decision-making skills and learn to get the most satisfaction from the use of money.

Student Goals

1. Understand that giving up immediate spending allows one to plan for future purchases.
2. Understand that income is money earned.
3. Understand that making choices means giving up other opportunities.
4. Understand that saving for certain purchases takes planning and that unexpected expenses can make planning difficult.

Teaching Activities

I. High or Low, Which Way to Go?
determining values • decision-making

This activity provides an opportunity for students to earn income (tokens) which can be used to purchase items of lower value (easily obtained) or to save for items of higher value (more difficult to obtain).

Begin by explaining that a number of items are to be displayed that are "for sale," and that the items cost only a few tokens. Choose items and label with prices.

Low Value Items

Jump rope for use at recess	2 tokens
1 piece of colored paper	1 token
1 ordinary sticker	1 token
1 small bag of peanuts	2 tokens

When students want to know how they get tokens, explain that tokens are similar to money and must be earned (income). Income is money coming in for doing things or jobs that people value.

Make a poster listing "INCOME POSSIBILITIES." Have children help with ideas and values.

Income Possibilities

All classwork completed at end of day	1 token/day
Classroom "job" done well for one week	5 tokens
3 books read during week	5 tokens

Now display items and activities of higher value that children can "save" for.

High Value Items

1 pencil	10 tokens
1 special sticker	5 tokens
6 sheets of colored paper	6 tokens
1 book	25 tokens
1 small pad of paper	15 tokens

Plastic bingo markers can be used for tokens and zip-lock plastic bags work well as purses or money holders.

Discuss the Income Possibilities, then view items, activities and costs. Make a sheet listing the high value items and provide a place for students to sign their names next to the item for which they choose to save. Next to their names, students write the estimated number of days it will take to save for that item. When the item is acquired, students write the number of actual days taken to obtain it.

High Value Item Savers

Item	*Value*	*Savers*	*Estimated Days*	*Actual Days*
Pencil	10	Maria	6	5
		Paul	5	8
Sticker	5	Bob	4	6

At the end of activity, evaluate students' learning with the following discussion questions:

1. How did your estimated number of days needed to obtain the item compare with the actual number needed?

PARENT CORNER: *Avoid handing out money every time children ask for it or see something they want. Help them plan before spending by setting priorities, discussing choices and the satisfaction gained from each.*

2. Why did it take you longer to save than expected? (too much spent day to day for immediate satisfaction of lower valued items, lack of will power to stick to plan)
3. Did it take less time to save for your goal than expected? Why?
4. What was given up in order to save for the "wanted" item? (This is the opportunity cost of one's choice — that which is given up when a choice is made.)
5. Which of you are more satisfied — those who reached your goal or those who spent more than they planned?
6. If you plan to save for another high value item, would you budget or plan your spending differently?

II. Cent-sible Sally & Sam, NonCent-sible Ned & Nan
role playing • oral language • critical thinking

Use four puppets or make simple hand puppets from old socks and decorate with yarn, felt, buttons, etc., that children bring in from home. Try to difierentiate the expressions of the two "cent-sible" puppets from the two "noncent-sible" puppets.

Explain to the class that they are going to have the opportunity to "act out" what they know or have learned about earning, saving, spending, making choices and planning. (Review their experiences in Activity I.)

Allow groups of two to four children to demonstrate situations (written on cards):

Suggested Situations:

- You have just received $5 for your birthday. You want to save for day camp. You also want to buy something for yourself.
- You are saving for a wagon so you can deliver newspapers. You keep seeing an ad on TV for a toy (give a name) that you really want. Many of your friends have gotten one.
- A neighbor has asked you to pick up trash in his yard that was scattered by dogs. He will pay you $2. Some friends call to ask you to go to the park to play ball.

Give students the opportunity to play the "cent-sible" and "noncent-sible" roles.

III. A Game for Two: Earning, Saving, Spending

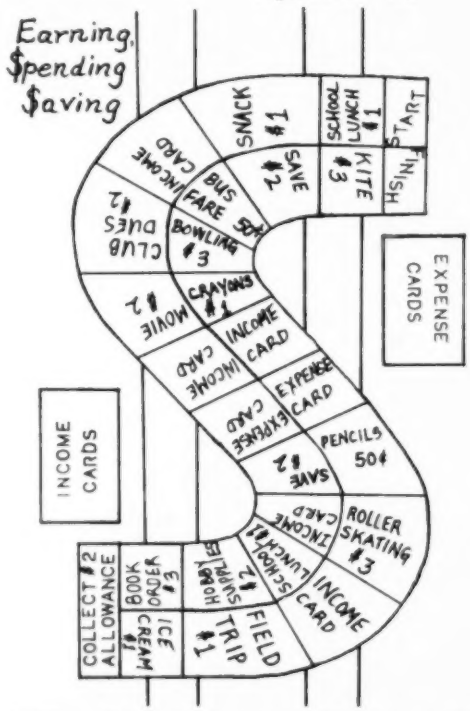
This game provides an opportunity for children to earn play money, use it to pay for necessary expenses (such as dues, school lunch, etc.) and for unexpected expenses (bicycle repair, replace broken window), to purchase wanted items, or save it.

Materials Needed:

- Copy of game board (can be laminated)
- Bingo or other game pieces for markers
- Bank with play money ($1s, $5s, and quarters)
- Savings envelopes — two
- 1 die or spinner (numbered 1–6)
- Income Cards
- Expense Cards

Sample income and expense cards to be drawn when landing on designated spaces:

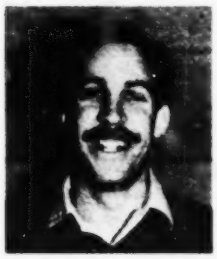
Income	*Expense*
Aunt Alice gives you $5 for your birthday	Got a flat tire on your bike — $2 repair
Mr. Jones paid you $2 to shovel his walk	Bought dog food for school drive for homeless animals — $2
Miss Smith paid you $3 to walk her dog each day for a week	Bought your sister a stuffed animal for her birthday — $3
Neighbor pays you $4 for watering her plants for one week	Broke neighbor's window and had to replace it — $2



How to Play: Each child receives $5 to begin. Players throw die. Player with highest number is first. Players take turns throwing die and moving marker according to number rolled. Players must spend, save, or earn money according to the space landed on. When a player earns income, the money is taken from the bank. Each child acts as his/her own banker. If a player lands on a space and does not have enough money to pay the expense or make the purchase, s/he can use savings or lose one turn. The player who finishes the game with the most money is the winner.

At the end of the game, ask the children:

1. Were they able to plan for all the expenses that they had?
2. Were there times when they had to use money for things unexpectedly?
3. Does it help to save/plan for expenses you may have in the future?



Give the Kids Credit

by Barry Spector

Barry Spector is presently teaching 5th and 6th grade math, science and philosophy at the Oak Hill School in Newton, Massachusetts. He has written a curriculum for the public schools entitled Engineering for Children, *and has also served as a consultant for The National Center of Economic Education for Children.*

Money Management

Should I buy this radio or save my money for a better one? Children, as well as adults, are often faced with a money management decision. The future is full of economic uncertainty for the consumer: inflation may drive up the cost of the radio, new technology may make a better model available at a lower price, or there may be a sale at a later date.

Children may wish to borrow money from their parents. It is not too early to teach third and fourth graders about credit and why a creditor tries to lend money to trustworthy borrowers. They should also know about the responsibility and cost that accompanies a loan, *i.e.*, interest. By learning to budget their own money and make decisions to buy, save or borrow, students begin to relate their skills in managing money to that of their parents or businesses in the community.

Student Goals

1. To better understand why different salaries accompany different jobs.
2. To experience the decision-making process involved in money management.
3. To understand what interest is and how it is applied to a loan.
4. To realize that credit is an earned privilege.
5. To experience the budget-making process and how it applies to their choices as consumers.

Teaching Activities

I. Who Should Be Paid How Much?

decision-making • math • discussion skills

Almost every class has devised a method for cleaning-up the room at the end of the day. Many teachers use a job board assigning children to specific tasks. Job assignments can provide an opportunity to pay students a salary and expose them to the world of money management.

A. *Occupations*

Start with a discussion concerning the various occupations existing in our society and why certain jobs demand higher salaries than others. (Degree of difficulty, nature of the job, level of education or skills required and number of people available for the position.) Provide newspaper classified employment ads for the students to study.

B. *Classroom Chores*

Discuss the specific classroom chores needed to be done. Jobs should have varying levels of difficulty or responsibility. Some chores can be performed by more than one student. List the chores on the board.

C. *Salary Range*

Work out a weekly budget for the operation of the classroom clean-up. Have the class decide on the salary range for all jobs. (For example, all jobs pay between $200 and $500 a week.) Then, add the lower and higher figure together, divide the sum in half and call that the projected average weekly salary ($350). Multiply $350 by the number of students in the class (21 in this case) to determine the weekly budget or amount allotted for salaries. ($7,350).

D. *Assigning Salaries*

After a discussion on the difficulty or importance of the chores to be done, have the class assign a salary figure to each job. (Make a job board.) After the salaries are assigned, draw the students' names, one at a time, and have them choose the job they wish to perform. In order that students do not make their job choices based solely on salary, you may make it mandatory that jobs be held for one month. List assigned workers on the job board.

Jobs	Workers	Salary	Total Amt. Salary Paid
Blackboards	Beth, Emily	2 @ $300	$600
Rug	Shawn	250	250
Shelves	Corey, Kerrin	2 @ 300	600
Floors	Daryl, Jason	2 @ 400	800
Wash Tables	Jocelyn, Sameera	2 @ 350	700
Cubbies	Ari	225	225
Attendance	Stedman	350	350
Sink	Tamy, Gady	2 @ 275	550
Closets	Amanda, Kevin	2 @ 200	400
Windows	Katrina	250	250
Supervisor	Brian	450	450
Pencil Sharpener	Elissa	200	200
Substitutes	Chris, Peter	2 @ 325	650
Lunches	Jimmy	200	200
		Total Weekly Salaries Paid	$6,225
		Weekly Salary Budget	$7,350

E. *Salary Budget*

After all jobs are assigned, have the class total the salaries to be paid (see column 4 above). There may be

a discrepancy between the weekly salary budget and the actual weekly salaries to be paid. (In this case, there is an excess of $1,125.) To decide how to handle excess funds, hold a budget meeting. Discuss options, including: purchasing new equipment or supplies (brooms, sponges, etc.), providing class entertainment, or paying higher salaries.

F. *Salaries: Spend or Save?*
If the class has not already asked what they are going to do with their salaries, explain that each week they will have the opportunity to spend or save their earnings. The first week, give them four options, such as, an extra gym period, an additional ½ hour on the school computer, a special film, or the opportunity to save all (or part) of their pay for some undetermined events or items the following week. Explain that they will not learn of the next week's events and respective prices until they have decided to spend or save their present weekly salaries. The element of unknown future events/items makes the children weigh whether they should take advantage of this week's items or save their money and gamble on future options and *their* prices.

Set prices so that every child can afford at least one item with his/her weekly salary. To enable students with lower salaries to purchase the more expensive event or item, establish a lending institution and allow borrowing of up to $100 weekly.

II. You Have to Give Them Credit!
math • discussion skills

Our business world has its own unique way of determining who is credit worthy and who is not. In a classroom setting, to assure a fair method of determining which students receive or do not receive credit, it is important to assign a simple task that all students are equally capable of completing.

A. *Establishing Credit*
Without letting the children know the purpose of the task, give each of them an index card. Ask them to put his/her name on the top line, take it home, have anyone at home initial it and bring it to school the following day.

B. *Reliable Creditors*
The next day, before collecting the index cards, have a class discussion on credit. Why do people borrow money? (to increase their available cash in order to make a purchase or pay for an unusual expense). Who loans it to them? (banks, lending institutions, credit unions). Why do only certain people get loans? (they have a good credit rating: a record of reliability regarding payment of bills, loans, etc.). Explain why a bank/loan agency would lend money to someone. (They are confident the person will repay the money and they charge the lender a fee — called interest — for the opportunity of using the bank's money.)

After the above questions have been answered, collect the initialed index cards and explain to the class that only those students whose cards were completed and turned in at that time will be able to borrow money. The index card has become their credit card!

C. *Lenders Charge Interest*
Allow all credit worthy students the option of borrowing a maximum of $100 from another student or the teacher. If a student borrows from another student, the interest due on the loan can be a simple task the borrower must do for the lender. If a student borrows from the teacher, s/he can pay interest by missing a recess and doing an extra chore in class or school. If paychecks are to be issued for only one week, the extra chore plan is a convenient system for paying back loans. Since students are not going to receive any additional capital, they must repay their loans with services. If paychecks are issued for a few weeks or the entire year, then loans and interest can be paid with money earned. Charge 20% interest rate on loans.

III. Payday Is Here!
decision-making • math • language arts

At the end of the week, when chores are done, children collect their salaries. Play money, a voucher system or other method of payment may be used. In this activity, play money is used and children are responsible for holding their own salaries. It is suggested that students not be allowed to purchase their chosen event, loan, borrow or save money, until three days after payday. This allows time for them to think about their choices and make them responsible for their own money.

A. *To Save or Not to Save*
During the three days that the students have to consider their purchases, discuss the positive and negative aspects of saving. Fourth grade students may not readily grasp the concept of interest accrued on savings, but they can be exposed to how it is determined. Explain that when they save money in a bank, the bank uses it to make more money (lending, investing, etc.) The bank pays the saver a small amount for that opportunity. This is called interest.

B. *Banks Pay Interest*
For easier arithmetic, give each child 10% interest on savings they keep in the bank for a week. Students can figure how much interest they receive by simply dividing the amount in savings by 10 and adding this to the balance of their account. For example:

$2.50
10)$25.00
20
50
50
0

$25.00 savings
2.50 interest
$27.50 total after one week

Students can keep a record of their money transactions with a chart like the one shown below.

RECORD OF MONEY TRANSACTIONS
Name: Jocelyn Week of: 3/7 - 3/14

Date	Amount	Transaction	Balance
3/7	+$3.50	Salary	$3.50
3/10	-$2.50	Purchase	$1.00
3/11	+$1.00	Borrowed	$2.00
3/11	-$.20	Interest	$1.80
3/14	-$1.00	Savings	$.80
		Weekly Cash Balance	$.80

Auctioning Options

by Scott Anderson

Scott Anderson is currently teaching sixth grade in Osseo, Minnesota. He has been awarded a Sears Fellowship, has written award winning Economic Education curricula and has spoken to groups on the subject.

Money Management

The problem created by unlimited wants and limited resources is a common concern of fifth and sixth grade consumers. When students have money, either from an allowance or from a job, many of them don't possess the skills to manage their money wisely. Those who do, use them only when considering big purchases. With the help of their parents, students may think through carefully the choosing of an electronic game, a radio, or a bicycle. On a daily basis, however, these same students may quickly spend money on soft drinks, snacks or games. Although they think they are struggling to save money for expensive items, they are not conscious of the small ways in which they deplete their savings.

Insight into how money is earned and what is the best way to buy will lead to higher standards of "money use," planning, and responsible consumerism. What is needed to accomplish this is a practical knowledge base related to the sources of money, assessment of alternatives, personal values and analysis and planning.

Student Goals

1. Money allows for the exchange of goods and services in the marketplace.
2. Consumers buy products which satisfy their personal desires.
3. Consumers with greater personal resources have a wider range of alternatives, including purchases, savings and investment.
4. Prioritizing wants allows for alternate choices and an awareness of substitutes.

Teaching Activities

I. Demand for Labor

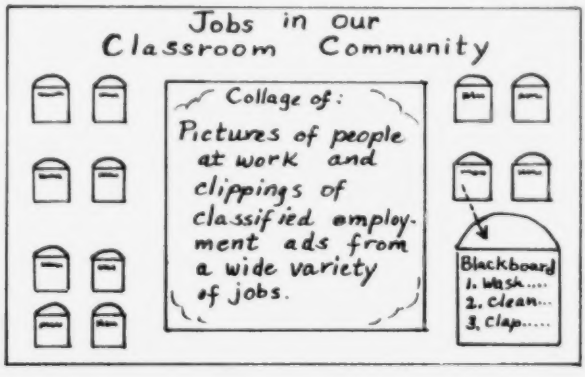
class organization • language • careers

People who buy or use goods and services are consumers. Goods and services are usually bought and sold (exchanged) for money. The number of goods and services one can buy is directly related to the money or resources one has. Discuss with the students how money can be earned now (as fifth and sixth graders) and in the near future. Include making use of whatever resources they may have, *i.e.*, natural (land, water, for example, used in planting a garden), capital (tools, money, bicycles) and human (work skills, ideas, management skills). The latter (human) is the most available to them.

Address the problems of: a) the unlimited wants of consumers, and b) the scarcity of resources to satisfy these wants. Relate them to the axioms that consumers with greater personal resources have a wider range of alternatives from which to choose in satisfying wants. Greater personal resources often come through jobs.

Ask the class how they define the term job? (work done in return for something of value, usually money/income). Ask students to identify various jobs and the work and responsibilities involved. List on the board. What jobs do they see performed in their surrounding community? Why are jobs needed? (So that individual consumers can purchase the goods and services, they need and want.) Stress that performing necessary jobs contributes to the functioning of society and that paying taxes on income earned helps all citizens. Relate this discussion of jobs to jobs/work in the classroom and the students' responsibility to complete them. Explain that attending school to learn (and grow) is the students' primary job responsibility.

Classroom jobs can be broken down into specific tasks or goals such as: cleaning the chalkboard, clapping erasers, increasing test scores, classroom monitoring, doing homework, punctuality, etc. Write each job on a 3x5 manila envelope and list the tasks involved. Discuss the "posting" of job opportunities and staple the current openings (manila envelopes) on a bulletin board similar to this format:


Jobs in our Classroom Community
Collage of:
Pictures of people at work and clippings of classified employment ads from a wide variety of jobs.
Blackboard
1. Wash....
2. Clean...
3. Clap.....

PARENT CORNER: *Often upper grade children do not see the advantage of operating as a contributing family member. Set family goals and identify the important role they play in achieving them.*

Discuss job interviews and applications. Allow the students to apply for these jobs based on their: 1) references (people who recommend them), 2) relevant experience (similar work done), 3) brief personal history and 4) education. Mimeograph an application form for students to complete. Discuss the importance of these qualities in fitting the needs of the employer and in being hired.

So that the hiring process will be free of all bias, make number cards to equal the number of students in your class. Have students pick a number and keep it. Instead of putting names at the top of their job applications, have them use their number instead (proof of which lies in the possession of the number card). With the teacher acting as employer, hire the "best qualified" students based on application first, then interview. Following the filling of positions, discuss reasons why some jobs were pursued and others not, and why some students were successful in their attempts and others not.

II. Salary for Services
class organization • math • careers

Discuss with the class that money can be an incentive, but that it should not be thought of as a goal or end in itself. Money is a means of exchange. Explain that work of value can be, and is, exchanged for money. Relate this to the classroom job responsibilities for which they were hired.

Decide on the classroom exchange medium (form of money) to be used, and the denominations and method of producing it. Mention that the money students earn from jobs may be used in a variety of ways, including an upcoming auction. Ask the class why the pay received on different jobs varies (relative worth of jobs, difficulty, number of applicants, etc.). Decide on weekly salaries for classroom jobs. Assign monetary values (using token money) to the jobs. Deal with the changing attitudes of the students as these jobs take on more meaning because of the rewards of salary. For example, if students had known that the job of cleaning blackboards would bring in a lower salary than zero absenteeism, would they have applied for the job?

Discuss the use of time cards and issue each of the workers one of the following cards:

WORK CARD Month: March Name Paul R.	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	TOTAL WORK-DAYS COMPLETED
WEEK 1		X	\	X	X	3
WEEK 2						
WEEK 3						
WEEK 4						
WEEK 5						

At the beginning of each workday of job responsibility, students are to "punch in" (pencil slash) in the box for that calendar day. At the end of the day, they make another pencil slash, forming an X, if the work contract was completed. Work contracts should be negotiated with all students.

Payday for the students should be at a specified time. Note: numerous paydays should take place before the auction activity. This will give the students time to plan their purchase activity.

III. Auction Options
math • language • decision-making

Survey the class to determine the wants they most prefer. Make a list on the blackboard and discuss the fact that the items available for the classroom auction will be based on these three variables: 1) donated items from local businesses, 2) items donated by other students and 3) the limits of the teacher or school in acquiring auction items. With auction workers, acquire as many auction items as possible (and reasonable). With auction personnel, make students aware of auction items, dates of auction/s, process of distributing items and bookkeeping methods.

Several days (weeks) before the auction, provide the students with the opportunity to spend their earnings on "special purchases." These purchases can be material (a food item, pencils, school supplies) or non-material (special privileges, extra help on a project). It is suggested that these items be auctioned off quickly without notifying students in advance (a quickie auction). Events such as these may change students' goals or certainly influence their ability to achieve their previously set goals.

Before the big auction, remind students that they should have their classroom currency (tokens) for purchases. Keep the auction as natural and realistic as possible. Try not to discuss the auction as it is being run. Sell all the items, if possible, and record their prices on the chalkboard. Following the activity ask:

1. Did you get what you wanted? Why/why not?
2. Did you wait for a selected item? Was it a successful strategy?
3. How will this experience prepare you for future auctions?
4. As a consumer, did you make any mistakes? Explain.
5. In considering the total tokens you had in hand for bidding, would you want to increase it? How?
6. Can you relate your experience doing jobs, earning money and buying things to the way consumers behave in the real world?
7. Did anyone arrange "credit" with another student? Who benefitted? Explain.
8. Did the income you earned from your job allow you to buy what you wanted? If not, how can you correct this problem before a future auction?

Teachers may continue the use of classroom tokens for payment and the auction technique as long as students are learning and practicing how to set goals, earn money, budget and spend money wisely.

VIII Northwest
Alaska
Hawaii
Idaho
Montana
Oregon
Washington
Wyoming

V Midwest
Iowa
Michigan
Minnesota
North Dakota
South Dakota
Wisconsin

II Midmid
Delaware
District of Columbia
Maryland
New Jersey
Ohio
Pennsylvania
Virginia
West Virginia

I Northeast
Connecticut
Maine
Massachusetts
New Hampshire
New York
Rhode Island
Vermont

VII Southwest
Arizona
California
Colorado
Nevada
New Mexico
Utah

VI Southcentral
Arkansas
Louisiana
Mississippi
Oklahoma
Texas

IV Midcentral
Illinois
Indiana
Kansas
Kentucky
Missouri
Nebraska

III Southeast
Alabama
Florida
Georgia
North Carolina
South Carolina
Tennessee

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(continued from page 3)
and often tempts the buyer to overspend. A possible alternative to the use of credit is a savings plan.

SAVINGS AND INVESTMENT

The act of saving can be viewed as not spending your income to obtain current satisfaction. Saving is important to the individual because it can make possible the achievement of some future goal, as a vacation, a special purchase, or a sense of security. The saver's reward for foregoing current consumption is interest. Relating children's savings to their wants and keeping an organized savings plan, will encourage them to reach their goal.

Saving is also important because it provides funds that can be used by others to finance consumption or investment. Businesspeople can borrow others' saved dollars to purchase machinery and equipment (capital goods) used in the production of goods and services. The decision to invest in capital goods is affected by the interest rate and the expected return gained from the use of the newly created capital. A child may need to decide whether to use present savings or to borrow someone else's savings in order to buy a bike (investment) which will enable him/her to deliver papers and earn income. Considering carefully the costs and benefits of each alternative will, hopefully, lead to more satisfying decisions.

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